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International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Financial report and audited financial statements

for the year ended 31 December 2015

and

Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letter dated 31 May 2016 from the Secretary-General to the Chair of the Board of Auditors

In accordance with regulation 6.2 of the Financial Regulations and Rules of the United Nations, I have the honour to submit the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the year ended 31 December 2015, which I hereby approve. The financial statements have been completed and certified as correct by the Controller in all material respects.

Copies of the financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

Letter dated 19 September 2016 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the year ended 31 December 2015, which were submitted by the Secretary-General. The statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above-mentioned accounts, including the audit opinion thereon.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the United Nations Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

We have audited the accompanying financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, which comprise the statement of financial position (statement I) as at 31 December 2015, the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, and the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and for such internal control as is deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Tribunal for the Former Yugoslavia as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Tribunal that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules and the related annex, we have also issued a long-form report on our audit of the Tribunal's financial statements.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the United Nations Board of Auditors
(Lead Auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India

Chapter II
Long-form report of the Board of Auditors

Summary

The Security Council established the International Tribunal for the Former Yugoslavia to bring to justice those responsible for serious violations of international humanitarian law committed in the former Yugoslavia since 1991 and thereby to contribute to the restoration and maintenance of peace in the region.

The Board of Auditors has audited the financial statements and reviewed the operations of the Tribunal for the year ended 31 December 2015. The audit was carried out through the examination of financial transactions and operations at the Tribunal's headquarters in The Hague, the Netherlands.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and has been discussed with the Tribunal's management, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of the Tribunal as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the Tribunal's operations under United Nations financial regulation 7.5, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board examined key activities of the Tribunal, including evaluation of overall service sustainability, implementation of the Tribunal's completion strategy, the liquidation process, implementation of the United Nations enterprise resource planning system (Umoja), archive and records management and information and communications technology (ICT). The report also includes a brief commentary on the status of implementation of recommendations from previous years.

Audit opinion

The Board has issued an unqualified audit opinion on the financial statements for the period under review as reflected in chapter I.

Overall conclusion

The Board did not identify material misstatements that could affect its opinion on the Tribunal's financial statements. However, the Board identified the following areas that need management intervention for improvement: implementation of the completion strategy, the Tribunal's liquidation process, implementation of the United Nations enterprise resource planning system (Umoja), archives and records management and ICT.

Specifically, with regard to Umoja, the Board is of the view that the Tribunal needs to ensure timely deprovisioning of user roles in the Umoja system for separated staff.

Key findings and recommendations

The Board highlights the key findings set out below.

Provisioning and deprovisioning of Umoja access to users

The Board noted delays of more than a month in provision of access for users to the Umoja enterprise resource planning system in 10 of 11 requests reviewed during the audit. The deficiency is mostly attributed to the manual process being used in granting user access. In addition, four separated staff members still had access to the system three to six months[1] after cessation of their services. The Board considers that apart from the delays, the manual process for providing users access to the system increases the risk of errors and omissions. Furthermore, delays in deprovisioning user roles for separated staff could have exposed the Tribunal to the risk of unauthorized access to the system.

Non-identification of a location for the disaster recovery site and non-relocation of off-site data backup

In its previous report (A/70/5/Add.14), the Board recommended that the Tribunal conduct a study of suitable possible locations for the disaster recovery site and that it relocate the current off-site data backup location in collaboration with the International Residual Mechanism for Criminal Tribunals. During the current audit, the Board noted that the Tribunal had not fully addressed the need to identify the location for the disaster recovery site and to relocate the off-site data backup site. The daily and weekly backup data was still being stored on disks in the data domain system in the same building that hosts the primary data centre. While the Tribunal management was in discussion with another organization concerning the possibility of hosting each other's off-site backup tapes, the Board is of the view that the delay by the Tribunal in implementing its previous recommendation exposes the Tribunal to the risk of losing valuable information in case of a disaster.

[1] The staff separated between 31 December 2015 and 31 March 2016.

Main recommendations

The Board has made several recommendations based on its audit. The main recommendations are that the Tribunal:

(a) Liaise with the Umoja security team to determine appropriate ways to reduce the delays in providing access to Umoja users, and ensure timely deprovisioning of user roles in the Umoja system for separated staff;

(b) Finalize the process of identifying the best location for the disaster recovery site and relocate the current off-site data backup to a different location.

Key facts	
$201.68 million	Original biennium budget approved by the General Assembly for 2014-2015
$191.11 million	Final budget approved by the Assembly for the biennium 2014-2015
$89.96 million	Original annual budget for 2015
$90.44 million	Final annual budget for 2015
$90.99 million	Total revenue for 2015
$80.06 million	Total expenses for 2015
$110.95 million	Total assets as at 31 December 2015
$31.84 million	Total liabilities as at 31 December 2015
432	Total staff (390 on fixed-term contracts and 42 temporary staff)

A. Mandate, scope and methodology

1. The International Tribunal for the Former Yugoslavia is a United Nations court of law established in 1993 to deal with war crimes that were committed during the conflicts in the former Yugoslavia in the 1990s. It is located in The Hague, the Netherlands, with field offices in Sarajevo and Belgrade. The Tribunal was established by the Security Council in its resolution 827 (1993). It is mandated to bring to justice those responsible for serious violations of international humanitarian law committed in the former Yugoslavia since 1991 and thereby contribute to the restoration and maintenance of peace in the region.

2. The Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry. The Chambers comprise three Trial Chambers and an Appeals Chamber. The Chambers are responsible for trials and appeals and the Office of the Prosecutor is responsible for investigation and prosecution. The Registry, which services both the Chambers and the Prosecutor, is responsible for the administration and servicing of the Tribunal.

3. The Board of Auditors has audited the financial statements of the International Tribunal for the Former Yugoslavia and reviewed its operations for the year ended 31 December 2015 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as with the International Standards on Auditing. Those Standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. That included an assessment as to

whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5, which requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal's operations. Those matters are addressed in the relevant sections of the present report.

6. The Board coordinates with the Office of Internal Oversight Services of the Secretariat in the audit in order to avoid duplication of efforts and to determine the extent to which the Board could rely on its work.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly; the observations and conclusions were discussed with the Tribunal, the views of which have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous years' recommendations

8. The Board noted that of the six recommendations that remained outstanding as at 31 December 2014, five recommendations (83 per cent) were fully implemented while one (17 per cent) is reiterated. The reiterated recommendation requires the Tribunal to conduct a study of suitable possible locations for the disaster recovery site and to relocate the current off-site data backup site in collaboration with the International Residual Mechanism for Criminal Tribunals. Details of the implementation status of the recommendations are presented in the annex to the present report.

2. Financial overview

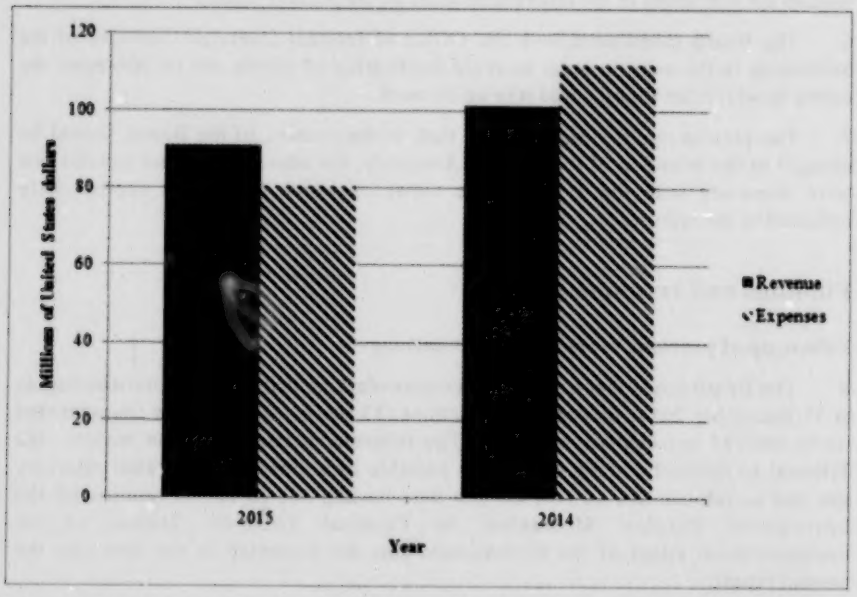
9. Total revenue for the year under review was $90.99 million compared with $101.20 million for the previous year, a decrease of 10 per cent. The decrease was caused mainly by the reduction by the General Assembly in resolution 70/242 of the approved amount for the financing of Tribunal for the biennium 2014-2015 by $9.95 million based on the second performance report of 16 November 2015. The budget reduction was the result of the strengthening of the dollar against the euro, lower inflation and decreases related to post and non-post resources.

10. Total expenses amounted to $80.06 million, compared with $111.68 million for the previous year, a decrease of 28 per cent. The Tribunal had a surplus of revenue over expenses of $10.93 million compared with a deficit of $10.47 million in the previous financial year (2014).

11. Overall total assets of the Tribunal increased from $102.24 million as at 31 December 2014 to $110.95 million as at 31 December 2015, as a result of increased investments in the main pool from $53.66 million in 2014 to $63.12 million and assessed contributions receivable from $26 million in 2014 to $32.33 million in 2015.

12. The Tribunal also reported total liabilities of $81.84 million as at 31 December 2015 (2014: $95.95 million). The significant decrease was mainly caused by the decrease of employee benefit liabilities from $54.25 million as at 31 December 2014 to $45.46 million as at 31 December 2015, as determined in the report of actuarial valuation. A comparison of revenue and expenses for the financial years 2014 and 2015 is illustrated in the figure below.

Financial performance of the Tribunal



Source: Analysis by the Board of Auditors of the financial statements of the Tribunal for 2015.

Ratio analysis

13. The table below contains key financial ratios analysed from the financial statements of the Tribunal, primarily the statement of financial position. The analysis shows that the Tribunal had good liquidity ratios, consistent with the ratios for 2014, to cover its maturing obligations without disposing of its non-current assets.

Ratio analysis

Description of ratio	*31 December 2015*	*31 December 2014*
Total assets: total liabilities[a]	1.36	1.07
Current ratio[b]		
Current assets: current liabilities	7.11	5.30
Quick ratio[c]		
Cash and short-term investments and accounts receivable: current liabilities	7.06	5.20
Cash ratio[d]		
Cash and short-term investments: current liabilities	4.27	3.30

Source: Financial statements of the Tribunal for 2015.

[a] A high ratio is a good indicator of solvency.

[b] A high ratio indicates an entity's ability to pay off its short-term obligations.

[c] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[d] The cash ratio indicates an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

14. The ratios show that current assets are approximately 7.11 (5.30 in 2014) times greater than current liabilities and that total assets are approximately equal to total liabilities, reflecting the Tribunal's ability to meet short-term obligations when they fall due. The ratio of cash to current liabilities of 4.27 (3.3 in 2014) shows sufficient cash is available to settle short-term obligations. Generally, the ratios depict the sound financial health of the Tribunal as at 31 December 2015.

3. Evaluation of overall service sustainability

High rate of staff turnover

15. The Tribunal has continued to experience a high rate of staff turnover as it reduces the scale of its operations ahead of the completion of trials and appeals by 30 November 2017. The Board found that out of the 230 staff members who separated from the Tribunal in 2015, 66 (29 per cent) separated by resignation.[2] The number has increased compared with the last financial year (2014) when 58 (26 per cent) of the 225 separated staff left through resignation.

16. According to the Tribunal, separating staff include some experienced staff members leading teams handling cases at advanced stages (trials and appeals that are scheduled to be concluded) and staff working on pending cases, thereby causing an adverse impact on the Tribunal's completion strategy. In addition, the management stated that it continues to take a number of measures, including issuing waivers of recovery of annual leave under certain circumstances and retaining staff members who have reached the normal age of retirement.

[2] Staff members who resigned included some from key posts such as legal officers, trial support clerks, translators, senior prosecuting trial attorneys, senior appeal counsels, judges' assistants, language assistants, conference interpreters, audiovisual technicians, security officers, courtroom clerks and administrative assistants.

17. While recognizing the efforts being made by the Tribunal, the Board considers that the high rate of staff turnover, in particular for key posts, has a significant impact on the Tribunal's ability to complete its remaining trials and appeals within the scheduled time frame. Therefore, the Tribunal needs to ensure that an adequate number of the required key staff members is available so that the completion strategy can be accomplished.

4. Implementation of completion strategy

Status of judicial activities

18. The Board noted that the Tribunal has made significant progress in completing its work by delivering judgments in the remaining trials and appeals. As at 30 June 2016, the Tribunal had concluded proceedings against 153 out of the 161 individuals it has indicted and all the contempt proceedings against 25 persons. Of the remaining ongoing three proceedings for eight accused, two involving two individuals were in trial and one involving six appellants was on appeal.

19. In addition, the Board found that the Tribunal has exerted more effort to ensure timely completion of judicial activities (before the end of 2017) by providing the teams working on the cases with additional staff resources as needed; reassigning staff from concluded cases to ongoing cases; maintaining rosters of qualified applicants to ensure that separating staff are replaced promptly; requesting flexibility in applying the United Nations Staff Regulations and Rules that could otherwise lead to delays in staff recruitment and retention; and offering promotions as a means of boosting staff members' morale. In addition, the Trial and Appeal Scheduling Working Group of the Tribunal, chaired by the Vice-President of the Tribunal, meets regularly to monitor and report on the progress of trials and appeals so as to ensure that cases are kept on track and to identify potential causes of delay and measures to alleviate such delays.

20. The Board hopes that the Tribunal will ensure that the instituted measures are sustained so as to mitigate any risk of further delay in the completion of its remaining judicial activities.

5. Liquidation process

Need to update the assets disposal plan

21. The Tribunal prepared an assets disposal plan in 2013 (when it was anticipated that the mandate would be completed in 2014) to guide the process of write-off and disposal of all equipment and material in a transparent way, taking into account all United Nations rules and regulations, delegations of authority and standard operating procedures.

22. However, the Board found the current assets disposal plan to be outdated and not reflecting the current value and status of the Tribunal's assets. For example, while no change has been made in the plan, the net assets had decreased from $2.23 million in November 2013 (based on the liquidation plan) to $2.10 million as at 31 December 2015 as a result of acquisition and disposal transactions that had taken place during the period. The Tribunal informed the Board that the revision of the assets disposal plan was contingent upon the Tribunal receiving a response from

the Assistant Secretary-General for Central Support Services on the request sent on 8 January 2016 for the pre-approval of asset disposals.

23. The Board is of the view that delays in updating the assets disposal plan increases the risks that the process of the disposal of the Tribunal's assets would not be clearly monitored and completed by the end of the Tribunal's liquidation activities.

24. **The Tribunal agreed with the Board's recommendation: (a) to continue with its efforts to follow up on the request for pre-approval of asset disposals from the Assistant Secretary-General for Central Support Services; and (b) to finalize updating the assets disposal plan to guide the Tribunal in the write-off and disposal of all equipment and materials in a transparent way towards the end of its mandate.**

6. Implementation of the United Nations enterprise resource planning system (Umoja)

25. The United Nations enterprise resource planning system (Umoja) was rolled out at the Tribunal from 9 November 2015 as part of cluster four.[3] The enterprise resource planning system replaced most of the administrative systems, such as the procurement management system (OneSource), the human resources management system (personnel information management system), the finance management system (Sun system), the asset management systems (asset and inventory database and communication assets tracking system) and other small administrative systems. The Board's review of the roll-out did not identify material deficiencies but noted some areas that are in need of improvement:

Provisioning and deprovisioning of Umoja access to users

26. The Board noted delays in the provision of Umoja access to users. The delays are mainly due to the fact that the current process of providing access is done manually, with a long process of filling out manual request forms which then need to be uploaded into the system for review and approval of the Tribunal security focal points and the Security Liaison Officer based in Geneva. For instance, as at 28 June 2016, out of 11 pending requests for provisioning of Umoja access to users, 10 of them were pending for more than a month. In addition, the Board found that four staff members still had access to the Umoja system despite being separated from the Tribunal[4] for periods ranging from three to six months.

27. The Tribunal explained that the challenge with respect to delays in the provision of user access to Umoja was an issue affecting Umoja user provisioning globally; it was beyond the Tribunal's authority because it was the responsibility of the Umoja security team. The Tribunal indicated that procedures would be put in place to ensure that separating staff members are concurrently deprovisioned from their roles in the Umoja system, especially in light of the ongoing downsizing of the Tribunal.

28. However, the Board is of the view that the manual process of providing Umoja access to users is time consuming and may delay delivery of services and create a

[3] Joint deployment of both Umoja Foundation and Umoja Extension 1 (Umoja Integration).
[4] The staff separated between 31 December 2015 and 31 March 2016.

risk of errors and omissions. Further, delays in deprovisioning of user roles for separated staff exposes the organization to the risk of unauthorized access to systems.

29. **The Tribunal agreed with the Board's recommendation to (a) liaise with the Umoja security team to determine appropriate ways to reduce the delays in providing access to Umoja users; and (b) ensure timely deprovisioning of user roles in the Umoja system for separated staff.**

Inadequate staff participation in Umoja end-user training

30. The Tribunal initiated business readiness activities, including Umoja end-user training (employee self-service training on the Umoja system) to enhance staff knowledge on the application of the new system. In accordance with the Umoja deployment guide, training was aimed at delivering a blended learning solution designed to build the necessary knowledge and skills within the Tribunal to support Umoja implementation.

31. The Board noted that as at the end of February 2016, out of 652 Tribunal staff targeted for Umoja-related training events, 75 staff (12 per cent) had not yet started any of the envisaged training.

32. The Tribunal stated that the staff had not completed their training sessions because of various reasons, including unavailability of trainers for some of the training courses and heavy workload.

33. However, the Board considers that the training is crucial for the smooth operation of the system, and that management therefore needs to devise a viable training schedule and the means for obtaining the required trainers.

34. **The Tribunal agreed with the Board's recommendation to devise a viable training schedule to ensure that all staff complete the appropriate Umoja computer-based training.**

7. Archives and records management

Disposition of archives and records of the Tribunal

35. The Board reviewed the progress made in the disposition of the Tribunal's records, which includes transfer of active and inactive records to the Residual Mechanism offices and the Mechanism Archives and Records Section respectively, as well as the destruction of transitory and time-expired documents. The records and archives working group was established in November 2014 to coordinate and monitor the disposition process. The Tribunal has appointed designated focal points from each section to lead the preparation and transfer of their records to Residual Mechanism offices or the Mechanism Archives and Records Section based on the approved disposition road map.

36. Based on the road map, 25 per cent of all records were expected to have been transferred or destroyed in 2015 (and 50 per cent by the end of 2016 and 100 per cent by the end of 2017). However, based on the updated inventory of the Tribunal's physical records of September 2015, out of 7,714 linear metres of physical records, only 1,303 linear metres (17 per cent) had been transferred or destroyed by May 2016. These included 117 linear metres transferred to Residual Mechanism offices,

534 linear metres transferred to the Mechanism Archives and Records Section and 652 linear metres which have been destroyed.

37. The Board noted that from January 2016 to May 2016 (five months) only 2.6 per cent of records were transferred. The Board noted extreme cases, where four offices (budget, procurement, staff welfare and the Office of the Prosecutor) had not transferred any of their records since October 2015. In addition, apart from the overall road map, there were no customized targets or plans for individual offices to indicate the activities involved and the targeted timeline for the disposition of the Tribunal archives and records.

38. The Tribunal explained that, although the road map target to transfer or destroy 50 per cent of the Tribunal's physical records by the end of December 2016 will not be met, that does not jeopardize the timely overall completion of the disposition process, because a plan has been made to transfer two batches of records of the Office of the Prosecutor in January 2017 (1,493 linear metres) and July 2017 (623 linear metres). The hiring of general temporary assistance staff who will be responsible for these transfers is in the plan and the Mechanism Archives and Records Section is now working with Tribunal offices[5] to determine whether customized targets for individual offices are necessary.

39. The Board is concerned that the current pace of the records disposition process increases the risk that the work might not be completed as expected. In addition, the absence of customized targets or plans for individual offices (describing the whole process, including a timeline) might result in the Tribunal being unable to monitor progress effectively.

40. **The Board recommends that the Tribunal prepare customized disposition targets or plans for individual offices with timelines that can be monitored by the Tribunal and the Mechanism Archives and Records Section through the records and archives working group to ensure that the targets indicated in the road map for the disposal of the archives and records are met.**

8. Information and communications technology

Information and communication technology policy and disaster recovery plan not updated

41. The Board noted that the Tribunal's ICT policy, backup policy and disaster recovery plan did not reflect the current environment. For example, the Board noted from the ICT policy that the network structure still includes the former administration building.[6] In addition, the backup policy and disaster recovery plan do not reflect the changes that have occurred, such as the moving of backup tapes to a new location and the changes associated with ICT infrastructure, disaster recovery strategy and network structure.

42. The Board considers that the Tribunal needs to review its ICT policies and guidelines in order to address the risks associated with the changes in the ICT

[5] All offices of the Tribunal, including budget, procurement, staff welfare and the Office of the Prosecutor.

[6] The Tribunal relocated from the building at the end of 2015 as part of its downsizing.

environment, which ultimately could result in financial loss and reputational damage.

43. **The Tribunal agreed with the Board's recommendation to review ICT-related policies and guidelines on a periodic basis to ensure that they are up to date and reflect the current ICT environment.**

Non-identification of a location for a disaster recovery site and non-relocation of off-site data backup

44. In its previous report (A/70/5/Add.14), the Board raised concerns over the Tribunal's primary data centre, disaster recovery site and backup tapes being kept in buildings located less than 1 kilometre away in another of the Tribunal's offices. The Board recommended that the Tribunal conduct a study of suitable possible locations for the disaster recovery site and relocate the current off-site data backup location, in collaboration with the Residual Mechanism.

45. During the current audit, the Board noted that the Tribunal had moved the disaster recovery site from the former designated building to a new location which also hosts the primary data centre. The monthly back-up tapes of the last quarter of 2015 are kept at a different location (a site that is away from the primary data centre), while the daily and weekly backup data is still stored on disks in the data domain system, which is located in the same building as the primary data centre.

46. The Tribunal attributed the noted deficiencies to the ongoing downsizing process, whereby all staff and facilities were moved to another building; hence the primary data centre and the disaster recovery site had to be consolidated into a single location. In addition, it was explained that the discussions with another organization were ongoing for the possibility of hosting each other's off-site backup tapes.

47. While the management's efforts are acknowledged, the Board is of the view that the delay by the Tribunal to implement the Board's recommendation exposes the entity to the risk of losing valuable information in case of a disaster.

48. **The Tribunal agreed with the Board's recommendation to finalize the process of identifying the best location for the disaster recovery site and to relocate the current off-site data backup to a different location.**

C. Disclosures by management

1. Write-offs of losses of cash, receivables and property

49. Pursuant to financial rule 106.7 (a), the Tribunal approved write-offs of receivables of $4,006.80 during financial year 2015. There were no write-offs of losses of cash or property, plant and equipment for the period under review.

2. Ex gratia payments

50. Management confirmed that the Tribunal did not make any ex gratia payments in 2015.

3. Cases of fraud and presumptive fraud

51. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularities, including those resulting from fraud. Our audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

52. During the audit, the Board makes enquiries of management regarding their oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that management has identified or that have been brought to their attention. It also asks whether management has any knowledge of any actual, suspected or alleged fraud, including addressing such enquiries to the Office of Internal Oversight Services. The additional terms of reference governing external audit include cases of fraud and presumptive fraud in the list of matters that should be referred to in the audit report.

53. In 2015 the Board did not identify any cases of fraud and presumptive fraud and the Tribunal reported to the Board that it had had no such cases.

D. Acknowledgement

54. The Board wishes to express its appreciation to the President, the Prosecutor, the Registrar and the staff of the International Tribunal for the Former Yugoslavia for the cooperation and assistance extended to its staff.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the United Nations Board of Auditors
(Lead Auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India

19 September 2016

Annex

Status of implementation of recommendations from prior financial periods

Number	*Financial period in which first made*	*Paragraph reference*	*Recommendations*	*Action reported by management*	*Board assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Reiterated*
1	2012-2013	38	(b) Conduct a periodic review of the audit logs of the databases and improve the system control to protect the audit logs from being manipulated	Access to the audit logs has been strictly limited to "read only", except for the database administrators	The recommendation is closed because access to the audit logs has been verified to be strictly limited to "read only"	X			
2	2014	23	Implement the established measures to mitigate risk of further delay in the completion of its remaining judicial activities	The Tribunal has taken the following measures: (a) Doubled the size of the legal support team to facilitate the Chamber issuing its judgment in conformity with the projected judicial calendar; (b) Accommodated an ongoing trial, an appeal judgment and an appeal hearing during a single week (14-18 December 2015), which reduced the number of courtrooms from three to two; (c) Improvements to the courtroom to support multiple video links, which assists the judges in conducting court proceedings and prevents delays in the case when taking video-link testimony. Such improvements also provide that, in case of illness, an accused could participate via video link;	The recommendation has been closed because measures have been taken by management to address the audit concern. The factual position of measures taken in accordance with the completion strategy has been included in the report for the record. The actions taken by management need to be sustained until the end of the Tribunal's operations	X			

Number	Financial period in which first made	Paragraph reference	Recommendations	Action reported by management	Board assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Reiterated
				(d) Residual Mechanism double-hatting staff to achieve efficiencies and also training of Registry staff to be multifunctional so they can deal with all aspects of the trials and appeals;					
				(e) Regular medical monitoring and reporting of accused persons, where appropriate, enhances information received by Chambers, thereby allowing improved forecasting of staffing requirements and permitting redeployment of Chambers staff to cases with the highest workload demand					
3	2014	26	Update the inventory of the archives and records in order to obtain accurate statistics of the records to be transferred to the Residual Mechanism to facilitate resources planning such as space and workforce	The Archives and Records Section has completed the update of records inventories in all sections of the Tribunal. These inventories were updated as at September 2015. A table has been created to summarize the total records in each section and to provide an estimate of anticipated record transfers to the Residual Mechanism by 2017	The matter is regarded as implemented. The Board reviewed the updated records inventories in all sections of the Tribunal and found that 7,714 linear metres of physical records and 2 petabytes of digital records were identified	X			

Number	*Financial period in which first made*	*Paragraph reference*	*Recommendations*	*Action reported by management*	*Board assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Reiterated*
4	2014	29	Ensure that the records and archives working group completes the preparation of the overall plan for the transfer of the Tribunal archives and records within the specified time and communicate that plan to the stakeholders for implementation	The Mechanism Archives and Records Section led the preparation of two overall plans in the form of project initiation documents for what is now referred to as the Tribunal records disposition projects: the digital records disposition project and the physical records project. These documents were finalized and issued in October 2015	The matter is regarded as implemented because the Tribunal has prepared two plans for the transfer of the records and archives, namely the digital records disposition project and the physical records project	X			
5	2014	34	Ensure that information regarding the travel of its senior officials is recorded in the Absence Management System and that semi-annual reports showing the amount of funds spent on official travel as required by amended section 3.4 of the administrative instruction on official travel (ST/AI/2013/3 and Amend.1) are prepared and submitted to the Executive Office of the Secretary-General	The Tribunal has contacted the Executive Office of the Secretary-General to determine the applicability of the Absence Management System to its senior officials. The Executive Office replied that the system was only applicable for the Tribunal and Residual Mechanism Prosecutors. The Tribunal has established the log-ins for the Prosecutors' assistants and they have been entering the Prosecutors' absences on an ongoing basis. The absences have been entered retroactively to the time of the audit observation (June 2015)	The measures instituted by the Tribunal are satisfactory and the recommendation is therefore considered implemented	X			

Number	*Financial period in which first made*	*Paragraph reference*	*Recommendations*	*Action reported by management*	*Board assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Reiterated*
6	2014	40	(a) Conduct a study of suitable possible locations for the disaster recovery site and relocate the current off-site data backup location in collaboration with the Residual Mechanism	The current situation is a draft agreement between the Tribunal and another organization to see if they could host each other's off-site backup tapes In parallel, the ICT committee has requested additional options, including the possibility of also hosting the data mirror in a remote location	The Board raised concern about the disaster recovery site and the site for backup tapes being located in buildings that are less than 1 kilometre apart and in the same compound that hosts the primary data centre. As part of the downsizing process, the Tribunal had moved from the buildings where the off-site backup tapes were located and had relocated them to another location, hence the recommendation is considered to have been reiterated				X
			(b) Revisit its ICT equipment-wiping process to include a requirement to create a report that will list assets identified for disposal and will record the status of the wiping-out process of those assets	The Tribunal has developed a sanitization report in the Tribunal reporting system, which will show records of the assets being identified for disposal	The process-wiping of ICT equipment has been verified and found to be satisfactory	X			
Total number of recommendations						**5**			**1**
Percentage of total number of recommendations						**83**			**17**

Chapter III
Certification of the financial statements

Letter dated 31 May 2016 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 have been prepared in accordance with financial rule 106.1.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarifications of the financial activities undertaken by the Tribunal during the period covered by the statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, numbered I to V, are correct in all material respects.

(*Signed*) Bettina Tucci **Bartsiotas**
Assistant Secretary-General
Controller

Chapter IV
Financial report for the year ended 31 December 2015

A. Introduction

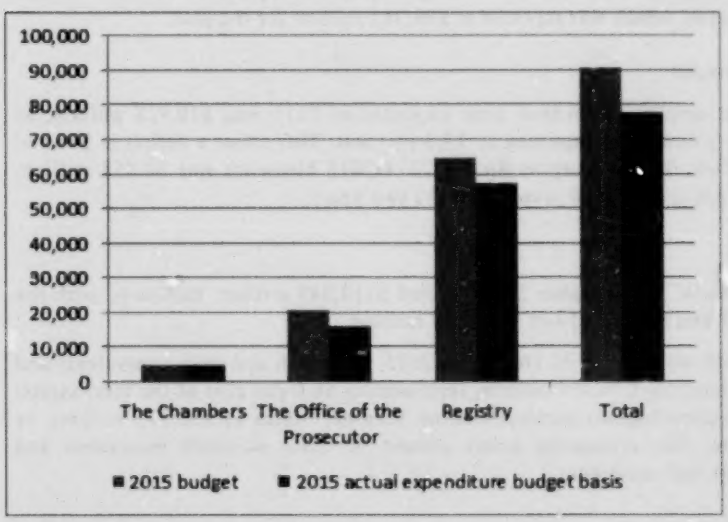
1. The Registrar has the honour to submit the financial report on the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the year ended 31 December 2015.

2. The present report is designed to be read in conjunction with the financial statements. The annex includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules of the United Nations.

3. On 25 May 1993, the Security Council passed resolution 827 (1993) formally establishing the International Tribunal for the Former Yugoslavia. In the same resolution, the Council adopted the statute that determined the Tribunal's jurisdiction and organizational structure, as well as the criminal procedure in general terms.

4. The Tribunal consists of three organs: the Chambers, which are organized into three Trial Chambers and an Appeals Chamber; the Office of the Prosecutor; and a Registry, which services both the Chambers and the Prosecutor.

5. In 2015, the Tribunal continued to focus on the completion of all trials and appeals, rendering three appeal judgments. Six cases, including four trials and two appeals, remain. At the close of the reporting period, eight people were in appeal proceedings and four were on trial; these outputs were produced with a budget of $90.4 million, some $77.7 million in expenditures on a budget basis. The comparative budget and expenditures of the three organs of the Tribunal are presented in the figure below.



B. Overview of the financial statements for the year ended 31 December 2015

6. Financial statements I, II, III, IV and V show the financial results of the Tribunal's activities and its financial position as at 31 December 2015. The notes to the financial statements explain the Tribunal's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Revenue

7. In 2015, revenue totalled $90.987 million. The main sources of revenue were assessed contributions of $90.406 million received from Member States, $0.397 million from investment revenue and revenue of $0.184 million received for rendering services. The revenue from assessed contributions was reduced by $9.947 million at the end of the biennium to reflect the reduction in the final appropriation in General Assembly resolution 70/242. The revenue for rendering services includes security support services to other United Nations entities, rental of premises and disposal of property, plant and equipment.

Expenses

8. For the year ended 31 December 2015, expenses totalled $80.059 million. The main expense categories were staff costs of $59.656 million or 74.5 per cent, judges' honorariums and allowances of $6.140 million or 7.7 per cent, contractual services of $4.665 million or 5.8 per cent, travel of $0.831 million or 1.0 per cent, depreciation and amortization of $0.711 million or 0.9 per cent, other operating expenses of $7.437 million or 9.3 per cent and other expenses of $0.619 million or 0.8 per cent.

9. Total personnel costs, which include staff costs and judges' honorariums and allowances, amounted to $65.796 million; that amount represents 72.3 per cent of the total revenue, which was reported at $90.987 million for the year.

Operating results

10. The net surplus of revenue over expenses in 2015 was $10.928 million, as revenue was greater than expenses by 13.6 per cent. This offset a deficit in 2014 of $10.473 million. The net surplus for the 2014-2015 biennium was $0.455 million, which is 0.2 per cent of total revenue for the two years.

Assets

11. Assets as at 31 December 2015 totalled $110.949 million, compared with the position at 31 December 2014 of $102.238 million.

12. The main assets as at 31 December 2015 were cash and cash equivalents and investments totalling $75.397 million, representing 68.0 per cent of the total assets, and assessed contributions receivable from Member States of $32.333 million, or 29.1 per cent. The remaining assets consist of other accounts receivable and property, plant and equipment.

13. Cash and cash equivalents and investments of $75.397 million as at 31 December 2015, other than small amounts held in field office imprest accounts, were held in the United Nations main cash pool. That represents an increase of $4.033 million compared with the balances held as at the end of 2014 and reflects the net surplus from operations in 2015.

Liabilities

14. Liabilities as at 31 December 2015 totalled $81.841 million compared with the balance as at 31 December 2014 of $95.951 million.

15. The largest liability was the employee benefits earned by staff members and retirees, primarily liabilities for after-service health insurance. The liabilities accounted for $45.456 million, representing 55.5 per cent of the Tribunal's total liabilities, and are explained in detail in note 12 to the financial statements. The decrease of the liabilities is caused primarily by recognized actuarial gains and changes in valuation in accordance with IPSAS 25.

16. The liabilities related to the judges' honorariums and allowances of $31,273 million were significant. That amount primarily includes the judges' pension and relocation allowances and ex gratia payments to ad litem judges, which increased by $0.695 million from the previous year, primarily owing to changes in valuation in accordance with IPSAS 25.

Net assets

17. The movement in net assets during the year reflects an increase of $22.821 million from $6.287 million in 2014 to $29.108 million in 2015, as a result of the operating surplus of $10.928 million and actuarial gains of $11.893 million.

Liquidity position

18. As at 31 December 2015, the liquidity position of the Tribunal was healthy; the entity had sufficient liquid assets to settle its obligations. Liquid funds totalled $83.427 million (cash and cash equivalents of $12.277 million, short-term investments of $37.774 million and accounts receivable of $33.376 million), whereas total current liabilities amounted to $11.732 million and total liabilities amounted to $81.841 million.

19. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2015 with comparatives for the year ended 31 December 2014.

Key liquidity indicators

	Year ended 31 December	
Liquidity indicator	*2015*	*2014*
Ratio of liquid assets to current liabilities	7.11:1	5.30:1
Ratio of liquid assets less accounts receivable to current liabilities	4.27:1	3.29:1
Ratio of liquid assets to total assets	0.75:1	0.73:1
Average months of cash, cash equivalents and investments on hand	11.4	7.7

20. The ratio of liquid assets to current liabilities indicates the ability of the Tribunal to pay its short-term obligations from its liquid resources. The ratio of 7.11:1 indicates that current liabilities are covered in excess of seven times by liquid assets, and therefore there are sufficient liquid assets available to fully pay liabilities should the need arise. An increase in the value of that ratio from 5.30:1 in the prior year indicates an increase in liquidity resulting from increased current assets as at the end of 2015. When accounts receivable are excluded from the analysis, the coverage of current obligations is at 4.27 for the current year and 3.29 for the previous year.

21. As at 31 December 2015, the Tribunal's total liquid assets amounted to about 75 per cent of its total assets and it held sufficient cash and cash equivalents and investments to cover its estimated average monthly expenses (less depreciation and amortization) of $6.612 million for about 11.4 months.

22. However, as at the reporting date, the Tribunal had liabilities for employee benefits and judges' honorariums and allowances of $76.729 million that were more than total cash and cash equivalents and investments of $75.397 million; of note was that no amounts were reserved in the accounts to cover those liabilities to be paid in the future.

Annex

Supplementary information

1. The present annex provides supplementary information that the Registrar is required to report.

Write-off of losses of cash and receivables

2. Pursuant to financial rule 106.7 (a), receivables of $4,006.80 were approved for write-off during 2015.

Write-off of losses of property

3. Pursuant to financial rule 106.7 (a), there were no write-offs of property, plant and equipment during 2015.

Ex gratia payments

4. There were no ex gratia payments by the Tribunal during 2015.

Chapter V

Financial statements for the year ended 31 December 2015

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

I. Statement of financial position as at 31 December 2015

(Thousands of United States dollars)

	Reference	*31 December 2015*	*31 December 2014*
Assets			
Current assets			
Cash and cash equivalents	Note 6	12 277	17 704
Investments	Note 6	37 774	28 501
Assessed contributions receivable	Note 6	32 333	26 002
Other accounts receivable	Notes 6 and 7	500	683
Other assets	Note 8	543	1 412
Total current assets		**83 427**	**74 302**
Non-current assets			
Investments	Note 6	25 346	25 159
Property, plant and equipment	Note 9	2 095	2 656
Intangible assets	Note 10	81	105
Other assets	Note 8	–	16
Total non-current assets		**27 522**	**27 936**
Total assets		**110 949**	**102 238**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 11	3 665	9 949
Employee benefits liabilities	Note 12	5 335	2 756
Judges' honorariums and allowances liabilities	Note 13	1 715	753
Provisions	Note 14	837	22
Advance receipts	Note 15	16	371
Other liabilities	Note 16	164	174
Total current liabilities		**11 732**	**14 025**

	Reference	*31 December 2015*	*31 December 2014*
Non-current liabilities			
Employee benefits liabilities	Note 12	40 121	51 499
Judges' honorariums and allowances liabilities	Note 13	29 558	29 825
Other liabilities	Note 16	430	602
Total non-current liabilities		**70 109**	**81 926**
Total liabilities		**81 841**	**95 951**
Net of total assets and total liabilities		**29 108**	**6 287**
Net assets			
Accumulated surpluses, unrestricted	Note 17	29 108	6 287
Total net assets		**29 108**	**6 287**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

II. Statement of financial performance for the year ended 31 December 2015

(Thousands of United States dollars)

	Reference	*2015*	*2014*
Revenue			
Assessed contributions	Note 18	90 406	100 701
Investment revenue	Note 6	397	438
Other exchange revenue	Note 18	184	65
Total revenue		**90 987**	**101 204**
Expenses			
Employee salaries, allowances and benefits	Note 19	59 656	85 402
Judges' honorariums and allowances	Note 19	6 140	5 308
Contractual services	Note 19	4 665	9 788
Travel	Note 19	831	907
Depreciation and amortization	Notes 9 and 10	711	773
Other operating expenses	Note 19	7 437	9 289
Other expenses	Note 19	619	210
Total expenses		**80 059**	**111 677**
Surplus/(deficit) for the year		**10 928**	**(10 473)**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

III. Statement of changes in net assets for the year ended 31 December 2015

(Thousands of United States dollars)

	Total net assets
Restated net assets as at 1 January 2014	**23 304**
Changes in net assets in 2014	
Actuarial losses on employee benefits liabilities (note 12)	(5 308)
Actuarial losses on judges' honorariums and allowances liabilities (note 13)	(1 236)
Deficit for the year	(10 473)
Total changes in net assets	**(17 017)**
Net assets as at 31 December 2014	**6 287**
Changes in net assets in 2015	
Actuarial gains on employee benefits liabilities (note 12)	11 196
Actuarial gains on judges' honorariums and allowances liabilities (note 13)	697
Surplus for the year	10 928
Total changes in net assets	**22 821**
Net assets as at 31 December 2015	**29 108**

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

IV. Statement of cash flows for the year ended 31 December 2015

(Thousands of United States dollars)

	Reference	*2015*	*2014*
Cash flows from operating activities			
Surplus for the year		10 928	(10 473)
Non-cash movements			
Depreciation and amortization	Notes 9 and 10	711	773
Actuarial gains on employee benefits liabilities		11 196	(6 543)
Actuarial gains on judges' honorariums and allowances liabilities		697	
Changes in assets			
Increase in assessed contributions receivable		(6 331)	7 592
Decrease in other accounts receivable		183	461
Decrease in deferred charges		884	462
Changes in liabilities			
Decrease in accounts payable and accrued liabilities		(6 284)	3 661
Decrease in employee benefits liabilities		(8 799)	4 814
Increase in judges' honorariums and allowances liabilities		695	2 333
Increase in provisions		815	22
Decrease in advance receipts		(355)	(133)
Decrease in other liabilities		(182)	(5 843)
Investment revenue presented as investing activities		(397)	(438)
Disposals of property, plant and equipment presented as investing activities		(15)	–
Net cash flows from/(used in) operating activities		**3 746**	**(3 312)**
Cash flows from investing activities			
Net receipts/(payments) from main cash pool investments		(9 460)	13 060
Investment revenue presented as investing activities		397	438
Acquisitions of property, plant and equipment		(125)	(1 448)
Disposals of property, plant and equipment		15	47
Acquisitions of intangible assets		–	(122)
Net cash flows from/(used in) investing activities		**(9 173)**	**11 975**
Cash flows from financing activities			
Net cash flows from/(used in) financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		**(5 427)**	**8 663**
Cash and cash equivalents, beginning of year		17 704	9 041
Cash and cash equivalents, end of year	**Note 6**	**12 277**	**17 704**

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2015

(Thousands of United States dollars)

	2015 budget (appropriation)[a]				*Actual expenditure (budget basis)*	*Difference*[b] *(percentage)*
	Original biennium	*Final biennium*	*Original annual*	*Final annual*		
Chambers	10 988	10 240	5 366	4 859	4 727	(2.7)
Office of the Prosecutor	40 368	41 170	16 154	20 751	15 970	(23.0)
Registry	150 332	139 697	68 441	64 828	57 068	(12.0)
Total	**201 688**	**191 107**	**89 961**	**90 438**	**77 765**	**(14.0)**

[a] The original budget for the biennium 2014-2015 is the appropriation approved by the General Assembly for the biennium in resolution 68/256. The final budget for the biennium reflects the original budget plus any adjustments reflected in the revised and final appropriations approved by the Assembly in resolutions 69/255 and 70/242. The original annual budget is the portion of the revised appropriation allocated to 2015 plus any unencumbered balance at the end of 2014. The final annual budget reflects the original budget plus any adjustments reflected in the final appropriation. The relevant element of assessed contributions is recognized as revenue at the beginning of each year of the biennium and adjusted at the end of the biennium to match the final appropriation.

[b] Actual expenditure (budget basis) less final budget. Differences greater than 10 per cent are considered in note 5.

(Thousands of United States dollars)

	2014 budget (appropriation)[c]			*Actual expenditure (budget basis)*	*Difference (percentage)*
	Original biennium	*Original annual*	*Final annual*		
Chambers	10 988	5 494	5 382	5 397	0.3
Office of the Prosecutor	40 368	20 184	20 419	24 684	20.9
Registry	150 332	75 166	74 870	81 298	8.6
Total	**201 688**	**100 844**	**100 671**	**111 379**	**10.4**

[c] Original and final budget amounts relate to the prior year 50 per cent proportion of publicly available biennial budgets as allocated to each component in performance reports to the General Assembly for the Tribunal (see A/69/599). The relevant element of assessed contributions is recognized as revenue at the beginning of each year in the biennium.

The accompanying notes to the financial statements are an integral part of these financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Notes to the financial statements

Note 1
Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations, which was signed on 26 June 1945 and became effective on 24 October 1945, set out the United Nations primary objectives as follows:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

2. These objectives are implemented through the United Nations major organs as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the United Nations;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

3. The United Nations is headquartered in New York, has major offices in Geneva, Vienna and Nairobi and has peacekeeping and political missions, economic commissions, tribunals, training institutes and other centres around the world.

Reporting entity

4. The International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 was established by the Security Council in its resolutions 808 (1993) and 827 (1993). The Tribunal consists of three organs:

(a) The Chambers are organized into three Trial Chambers and an Appeals Chamber. Each Trial Chamber is composed of three permanent judges and a maximum of six ad litem judges. Ad litem judges are appointed by the Secretary-General at the request of the President of the Tribunal to sit on one or more specific trials, allowing for efficient use of resources in accordance with the court's changing caseload. Article 12 (1) of the Tribunal's statute allows the appointment of a maximum of 12 ad litem judges. Three judges are assigned to hear each case, and at least one judge per case must be a permanent judge;

(b) The Trial Chambers must ensure that each trial is fair, expeditious and conducted in compliance with the Rules of Procedure and Evidence of the Tribunal, with full respect accorded to the rights of the accused and appropriate consideration given to the protection of victims and witnesses. The Appeals Chamber consists of 12 permanent judges, 5 of whom are permanent judges of the Tribunal and 7 of whom are permanent judges of the International Criminal Tribunal for Rwanda. Each appeal is heard and decided by a bench of five judges of the Appeals Chamber;

(c) The Office of the Prosecutor, responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991, acts independently as a separate organ of the Tribunal;

(d) A Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

5. The seat of the Tribunal is located in The Hague, the Netherlands.

6. The Tribunal is regarded as an autonomous financial reporting entity which neither controls nor is controlled by any other United Nations reporting entity. Due to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the Tribunal is not deemed to be subject to common control. Therefore the financial statements include only the operations of the Tribunal.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

7. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Tribunal, comprise the following:

(a) Statement I: Statement of financial position;

(b) Statement II: Statement of financial performance;

(c) Statement III: Statement of changes in net assets;

(d) Statement IV: Statement of cash flows on an indirect basis;

(e) Statement V: Statement of comparison of budget and actual amounts;

(f) Summary of significant accounting policies and other explanatory notes.

Going concern

8. The financial statements have been prepared on a going-concern basis and the accounting policies, as summarized in note 3, have been applied consistently in the preparation and presentation of the financial statements. The going-concern assertion is based on the positive historical trend of collection of assessed contributions, the net assets position and the approval by the General Assembly of the revised budget requirements for the biennium 2016-2017, which occurred in December 2015.

Authorization for issue

9. The financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2, the Secretary-General transmits these financial statements as at 31 December 2015 to the Board of Auditors. As agreed with the Board of Auditors, the financial statements for the year ended 31 December 2015 are submitted prior to a revised deadline of 31 May 2016. In accordance with financial regulation 7.12, the reports of the Board of Auditors, together with the audited financial statements, are transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions.

Measurement basis

10. The financial statements, which are for the year 2015 from 1 January to 31 December, are prepared using the historic cost convention except for certain assets as stated in note 3.

Functional and presentation currency

11. The functional currency and the presentation currency of the Tribunal is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

12. Foreign currency transactions are translated into United States dollars at the United Nations operational rate of exchange as at the date of the transaction. The United Nations operational rate of exchange approximates the spot rates prevailing as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, other than the functional currency, are translated at the year-end operational rate of exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the operational rate of exchange prevailing as at the date of the transaction or when the fair value was determined.

13. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

14. Materiality is central to the preparation and presentation of the Tribunal's financial statements and its materiality framework provides a systematic method in

guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and the retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would affect the conclusions or decisions of the users of the financial statements.

15. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

16. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; assumptions in measurement of judges' honorariums and allowances, selection of useful lives and the depreciation and amortization method for property, plant and equipment and intangible assets; impairment of assets; classification of financial instruments; inflation and discount rates used in the calculation of the present value of provisions; and the classification of contingent assets and liabilities.

Future accounting pronouncements

17. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the Tribunal's financial statements continues to be monitored:

(a) Public sector specific financial instruments: to develop this accounting guidance, the project will focus on issues related to public sector specific financial instruments which are outside the scope of those covered by IPSAS 28, Financial instruments: presentation, IPSAS 29, Financial instruments: recognition and measurement, and IPSAS 30, Financial instruments: disclosures;

(b) Social benefits: the project objective is to identify the circumstances and manner in which expenses and liabilities of certain social benefits should be reflected in financial statements;

(c) Public sector combinations: the project will prescribe the accounting treatment for public sector combinations and develop a new standard that sets out the classification and measurement of public sector combinations, namely, transactions or other events that bring two or more separate operations into a single public sector entity;

(d) Emissions trading schemes: this project will consider matters related to emissions trading schemes with the aim of developing a standard or standards that provide requirements to administrators and participants in such schemes;

(e) Heritage assets: the project objective is to develop accounting requirements for heritage assets;

(f) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

(g) Revenue: the aim of the project is to develop one or more IPSAS standards covering revenue transactions (exchange and non-exchange). The scope is to develop new requirements and guidance on revenue, to amend or supersede that currently covered in IPSAS 9, Revenue from exchange transactions, IPSAS 11, Construction contracts, and IPSAS 23, Revenue from non-exchange transactions (taxes and transfers);

(h) Employee benefits: the objective is to issue a revised IPSAS 25, Employee benefits, which will converge with the underlying International Accounting Standards IAS 19: Employee benefits;

(i) Consequential amendments arising from chapters 1-4 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: this project's objective is make revisions to IPSAS standards that reflect concepts from these chapters of the Framework, in particular the objectives of financial reporting and in terms of the qualitative characteristics and constraints on information.

Future requirements

18. On 30 January 2015, the IPSAS Board published five new standards: IPSAS 34, Separate financial statements, IPSAS 35, Consolidated financial statements, IPSAS 36, Investments in associates and joint ventures, IPSAS 37, Joint arrangements, and IPSAS 38, Disclosure of interests in other entities. Initial application of those standards is required for periods beginning on or after 1 January 2017. These standards do not affect the Tribunal's financial statements as the Tribunal's activities do not come under their scope.

Note 3
Significant accounting policies

Financial assets: classification

19. The Tribunal classifies its financial assets at initial recognition and re-evaluates the classification at each reporting date (see table below for the categories of financial assets). Classification of financial assets primarily depends on the purpose for which the financial assets are acquired.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in main cash pool
Loans and receivables	Cash and cash equivalents and receivables

20. All financial assets are initially measured at fair value. The Tribunal initially recognizes financial assets classified as loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date the Tribunal becomes party to the contractual provisions of the instrument.

21. Financial assets with maturities in excess of 12 months as at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rate of exchange prevailing on the reporting date with net gains or losses recognized in surplus or deficit in the statement of financial performance.

22. Financial assets at fair value through surplus or deficit are those that have been either designated in that category at initial recognition or are held for trading or are acquired principally for the purpose of selling in the short term. The assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the year in which they arise.

23. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time-proportion basis applying the effective interest rate method to the respective financial asset.

24. Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in value of the asset. Impairment losses are recognized in the statement of financial performance in the year they arise.

25. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Tribunal has transferred substantially all risks and rewards of the financial asset.

26. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets: investment in the main cash pool

27. The United Nations Treasury invests funds pooled from the United Nations Secretariat entities and other participating entities. The pooled funds are combined in two internally managed cash pools. Participation in the cash pools implies sharing the risk and returns on investments with the other participants. Since the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

28. The Tribunal's investment in the main cash pool (the main pool) is included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity of the investments.

Financial assets: cash and cash equivalents

29. Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial assets: receivables from non-exchange transactions, contributions

30. Contributions receivable represent uncollected revenue from assessed contributions committed to the Tribunal by Member States and non-member States. These non-exchange receivables are stated at nominal value, less impairment for estimated irrecoverable amounts (the allowance for doubtful receivables). For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables of Member States that are subject to Article 19 of the Charter of the United Nations on the restriction of General Assembly voting rights due to arrears equalling or exceeding the amount of the contributions due from it for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the Assembly has granted special treatment with regard to payment: 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance;

(d) For receivables with approved payment plans, no allowance for doubtful debt will be established; rather, disclosures will be made in the notes to the financial statements.

Financial assets: receivables from exchange transactions, other receivables

31. Other receivables primarily include amounts receivable for goods or services provided to other entities and receivables from staff. Receivables from other United Nations reporting entities are also included in that category. Material balances of other receivables are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing.

Other assets

32. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Heritage assets

33. Heritage assets are not recognized in the financial statements but significant heritage assets are disclosed in the notes to the financial statements.

Property, plant and equipment

34. Property, plant and equipment are classified into different groupings of similar nature, functions, useful life and valuation methodologies, such as: vehicles; temporary and mobile buildings; communication and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (buildings, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater or equal to the threshold of $5,000, or $100,000 for buildings, leasehold improvements, infrastructure assets and self-constructed assets;

(b) All property, plant and equipment other than real estate assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs;

(c) Owing to the absence of historical cost information, real estate assets are initially recognized at fair value using a depreciated replacement cost methodology. Baseline costs per baseline quantity have been calculated by collecting construction cost data, utilizing in-house cost data (where it exists) or using external cost estimators for each catalogue of real estate assets. The baseline costs per baseline quantity adjusted for price escalation factor, size factor and location factor are applied to value the real estate asset and determine the replacement cost;

(d) For property, plant and equipment acquired at nil or nominal cost, such as donated assets, the fair value as at the date of acquisition is deemed to be the cost to acquire equivalent assets.

35. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Significant components of major owned buildings with different useful lives are depreciated using the components approach. Depreciation commences in the month when the Tribunal gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are set out in the table below.

Estimated useful lives of property, plant and equipment classes

Class	*Subclass*	*Estimated useful life*
Communication and information technology equipment	Information technology equipment	4 years
	Communication and audiovisual equipment	7 years
Vehicles	Light wheeled vehicles	6 years
	Heavy wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6-12 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings	Up to 50 years
	Finance lease or donated-right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

36. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated in the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets, which revealed that the majority of such assets had relatively short useful lives of 10 years or less.

37. The Tribunal elected to use the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Tribunal and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

38. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance within other revenue or other expenses.

39. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net-book-value greater than $500,000 are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000.

Intangible assets

40. Intangible assets are carried at cost less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value as at the date of acquisition is deemed to be the cost to acquire. The threshold for recognition is $100,000 for internally generated intangible assets and $5,000 per unit for externally acquired intangible assets.

41. Acquired computer software licences are capitalized based on costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with the development of software for use by the Tribunal are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs.

42. Intangible assets with definite useful lives are amortized on a straight-line method over their estimated useful lives starting from the month of acquisition or when the intangible assets become operational. The useful lives of major classes of intangible assets have been estimated in the table below.

Estimates of useful lives of major classes of intangible assets

Class	*Range of estimated useful life*
Software acquired externally	3-10 years
Software and websites developed internally	3-10 years
Licences and rights	2-6 years (period of licence/right)
Copyrights	3-10 years
Assets under development	Not amortized

43. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

44. Financial liabilities are classified as "other financial liabilities". They include accounts payable, judges' benefits liabilities, unspent funds held for future refunds and other liabilities such as balances payable to other United Nations system entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The Tribunal re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

45. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are stated at invoiced amounts, less discounts as at the reporting date. Payables are recognized and subsequently measured at their nominal value, as they are generally due within 12 months.

Financial liabilities: judges' honorariums and allowances liabilities

46. *Judges' honorariums and allowances*. These liabilities comprise judges' pensions, judges' relocation allowances and ad litem judges' ex gratia payments.

47. *Judges' pensions*. Upon retirement, judges who have met certain eligibility requirements are entitled to a pension which is not payable by the United Nations Joint Staff Pension Fund. As the nature of the pension is consistent with a post-employment benefit, the liability is valued using the same basis as post-employment employee benefits. The valuation represents the present value of pension costs for retired judges and the post-retirement costs for active judges. Actuarial gains/losses on the valuation are recognized through the statement of changes in net assets.

48. *Judges' relocation allowances*. Pursuant to General Assembly resolution 65/258, the Tribunal judges are entitled to a relocation allowance equal to that of

judges of the International Court of Justice. The liability is calculated based on the rate applicable to each judge and the time value of money is not material.

49. *Ad litem judges' ex gratia payments*. Ad litem judges are entitled to a one-time ex gratia payment upon completion of service for a continuous period of more than three years. The liability is calculated based on the monthly rate applicable to each eligible ad litem judge and the time value of money is not material.

Advance receipts and other liabilities

50. Other liabilities consist of advance receipts relating to contributions or payments received in advance, liabilities for conditional funding arrangements, assessed contributions received for future years and other deferred revenue. Advance receipts are recognized as revenue at the start of the relevant financial year or based on the Tribunal's revenue recognition policies.

Leases: the Tribunal as lessee

51. Leases of property, plant and equipment where the Tribunal has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term based on the effective interest rate method.

52. Leases where all of the risks and rewards of ownership are not substantially transferred to the Tribunal are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Donated right to use

53. The Tribunal occupies land and buildings and uses infrastructure assets, machinery and equipment through donated-right-to-use agreements granted primarily by host Governments at nil or nominal cost. Based on the term of the agreement and the clauses on transfer of control and termination contained therein, the donated-right-to-use arrangement is accounted for as an operating lease or finance lease.

54. In the case of operating leases, an expense and a corresponding revenue equal to the annual market rent of similar properties is recognized in the financial statements. In the case of a finance lease (principally with respect to a lease term of more than 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property or the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the term period.

55. Long-term donated-right-to-use building and land arrangements are accounted for as operating leases where the Tribunal does not have exclusive control over the building and title to the land is not granted.

56. The threshold for the recognition of revenue and expense is a yearly rental value equivalent of $5,000 for each donated-right-to-use premises, land, infrastructure and item of machinery or equipment.

Employee benefits

57. Employees comprise staff members, as described in Article 97 of the Charter of the United Nations, whose employment and contractual relationship is defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

58. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries, allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, home leave) provided to current employees based on services rendered. All such benefits that are accrued but not paid are recognized as current liabilities within the statement of financial position.

Post-employment benefits

59. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and annual leave that are accounted for as defined benefit plans in addition to the United Nations Joint Staff Pension Fund.

Defined benefit plans

60. Defined benefit plans are those where the Tribunal's obligation is to provide agreed benefits and therefore the Tribunal bears the actuarial risks. The liability for defined benefit plans is measured at the present value of the defined benefit obligation. Changes in the liability for defined benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The Tribunal has elected to recognize changes in the liability for defined benefit plans from actuarial gains and losses directly through the statement of changes in net assets. As at the end of the reporting year, the Tribunal did not hold any plan assets as defined by IPSAS 25, Employee benefits.

61. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

62. After-service health insurance provides worldwide coverage for necessary medical expenses of eligible former staff members and their dependants. Upon the end of their service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and five years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the Tribunal's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the valuation is to consider contributions by all plan participants in determining the Tribunal's residual liability. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Tribunal's residual liability, in accordance with cost-sharing ratios authorized by the General Assembly.

63. *Repatriation benefits*. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the Tribunal and is measured as the present value of the estimated liability for settling those entitlements.

64. *Annual leave*. The liabilities for annual leave represent unused accumulating compensated absence up to a maximum of 60 days, whereby an employee is entitled to monetary settlement of that balance upon separation from service. Therefore the Tribunal recognizes as a liability the actuarial value of the total accumulated leave days of all staff members as at the date of statement of financial position. Annual leave benefits are considered to be a post-employment defined benefit and as such are recognized on the same actuarial basis as other defined benefit plans.

Pension plan: United Nations Joint Staff Pension Fund

65. The Tribunal is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by article 3 (b) of the Regulations of the Pension Fund, membership of the Fund shall be open to the specialized agencies and to any other international intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

66. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The Tribunal, in line with other participating organizations, is not in a position to identify the Tribunal's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Therefore, the Tribunal has treated the plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. The

Tribunal's contributions to the Pension Fund during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

67. Termination benefits are recognized as an expense only when the Tribunal is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

68. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service.

Provisions

69. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the Tribunal has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation as at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

Contingent liabilities

70. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Tribunal; or present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or because the amount of the obligation cannot be reliably measured.

Contingent assets

71. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the Tribunal.

Commitments

72. Commitments are future expenses to be incurred by the Tribunal on contracts entered into by the reporting date and that the Tribunal has minimal, if any,

discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the Tribunal in future years, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

73. Assessed contributions for the Tribunal are assessed and approved for a two-year budget period. The relevant portion of assessed contributions is recognized as revenue at the beginning of the year. Assessed contributions include the amounts assessed on the Member States to finance the activities of the Tribunal in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-member States is presented in the statement of financial performance.

Non-exchange revenue: other

74. In-kind contributions of goods, above a recognition threshold of $5,000 per discrete contribution, are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the Tribunal and the fair value of those assets can be measured reliably. Contributions in kind are initially measured at their fair value as at the date of receipt determined by reference to observable market values or by independent appraisals. The Tribunal has elected not to recognize in-kind contributions of service above a threshold of $5,000 but to disclose them in the notes to the financial statements.

Exchange revenue

75. Exchange transactions are those in which the Tribunal sells goods or services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met.

76. Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities or other partners is recognized when the service is performed. Exchange revenue also includes income from the rental of premises, the sale of used or surplus property, services to visitors from guided tours and income from net gains resulting from currency exchange adjustments.

Investment revenue

77. Investment revenue includes the Tribunal's share of net main pool income and other interest income. The net main pool income includes any gains and losses on the sale of investments, which are calculated as the difference between the sales proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against income and the net income is distributed proportionately to all main pool participants based on their daily balances. The main

pool income also includes unrealized market gains and losses on securities, which is distributed proportionately to participants based on their year-end balances.

Expenses

78. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets, and are recognized on an accrual basis when goods are delivered and services are rendered regardless of the terms of payment.

79. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, including pension and insurance and assignment, repatriation, hardship and other allowances.

80. Contractual services include non-employee compensation such as consultant fees and related allowances and benefits. Other operating expenses include any maintenance, utilities, training, security services, shared services, rental, insurance, allowance for bad debt and write-off expenses.

Note 4
Segment reporting

81. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.

82. The financial statements represent the activities of the Tribunal, which comprise one activity which was established under a single Security Council resolution. While the budgetary process includes a breakdown that reflects the organizational structure of the Chambers, the Prosecutor and the Registry, none of those organs meet the definition of a segment, as they do not represent different activities for which financial information is reported separately in order to evaluate past performance in achieving their objectives and making decisions about the future allocation of resources. Therefore, for segment reporting purposes, the Tribunal has one segment.

Note 5
Comparison to budget

83. The statement of comparison of budget and actual amounts (statement V) presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

84. Approved budgets are those that authorize expenses to be incurred and have been approved by the General Assembly. The Assembly, in its resolution 68/256, approved the Tribunal budget appropriations for the biennium 2014-2015. Annual budget apportionments are funded by assessments on Member States: 50 per cent in accordance with the scale of assessments applicable to the United Nations regular

budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations.

85. The original annual budget is the portion of the revised appropriation allocated to 2015 plus any unencumbered balance at the end of 2014. The final annual budget reflects the original budget plus any adjustments reflected in the final appropriation. Explanations for material differences, (i.e. those greater than 10 per cent) between (a) the original and final budget amounts, and (b) the final budget amounts and actual expenditure on a modified cash basis are considered in the table below.

	Material differences greater than 10 per cent	
Budget area	*Original versus final budget*	*Final budget versus actual expenses on a budget basis*
Chambers	Variance of less than 10 per cent	Variance of less than 10 per cent
Office of the Prosecutor	Variance mainly attributable to changes in the projected completion dates of trials and appeals, which resulted in higher than budgeted requirements for positions supporting judicial activities	Underexpenditure for 2015 (23 per cent) is partly offset by an overexpenditure in 2014. When compared with the biennial amounts, the balance of the budget versus actual expenses is less than 10 per cent
Registry	Variance of less than 10 per cent	Underexpenditure for 2015 (12 per cent) is partly offset by an overexpenditure in 2014. When compared with the biennial amounts, the balance of the budget versus actual expenses is less than 10 per cent

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

86. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is set out in the table below.

Reconciliation of actual amounts on a comparable basis to statement of cash flows

(Thousands of United States dollars)

2015

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(77 639)**	**(126)**	–	**(77 765)**
Basis differences	(9 190)	–	–	(9 190)
Presentation differences	90 590	(9 062)	–	81 528
Actual amounts in statement of cash flows (statement IV)	**3 761**	**(9 188)**	–	**(5 427)**

2014

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(109 856)**	**(1 523)**	**–**	**(111 379)**
Basis differences	5 708	438	70	6 216
Presentation differences	100 766	13 060	–	113 826
Actual amounts in statement of cash flows (statement IV)	**(3 382)**	**11 975**	**70**	**8 663**

87. Basis differences comprise the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the modified cash elements, such as unliquidated obligations that are commitments against the budget but do not represent a cash flow, outstanding assessed contributions and payments against prior year obligations that do not apply to the current year, must be eliminated. Similarly, IPSAS-specific differences such as cash flows relating to the acquisition of property, plant and equipment or intangibles, indirect cash flows relating to changes in receivables due to movements in the allowance for doubtful receivables, and accrued liabilities, are included as basis differences in order to reconcile those differences to the statement of cash flows.

88. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which include the latter not presenting income and the net changes in main pool balances. Other presentation differences are that the amounts included in the statement of comparison of budget and actual amounts are not segregated into operating, investing and financing activities.

Status of appropriations

89. In accordance with General Assembly resolutions 68/256, 69/255 and 70/242 on the financing of the Tribunal, gross appropriations for the biennium 2014-2015 and gross assessments for each year are set out in the table below.

Gross appropriations

(Thousands of United States dollars)

	Gross appropriation
Initial appropriation for the biennium 2014-2015 (General Assembly resolution 68/256)	201 688
Adjusted by reduced appropriations for the biennium	
General Assembly resolution 69/255	(348)
General Assembly resolution 70/242	(10 233)
Total final appropriation for the biennium 2014-2015	**191 107**
Assessment for 2014 (resolution 68/256)	(100 701)
Assessment for 2015 (resolution 69/255)	**(100 353)**
Balance to be assessed for 2016 (resolution 70/242)	**(9 947)**

90. The reduction in the final appropriation for 2014-2015 is deducted from the assessments of the 2015-2016 appropriation issued in 2016. The reduction of $9.947 million has therefore been accrued in these financial statements as a reduction in revenue and accounts receivable.

Note 6
Financial instruments

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Financial assets		
Fair value through surplus or deficit		
Short-term investments, main pool	37 774	28 501
Long-term investments, main pool	25 346	25 159
Total fair value through surplus or deficit	**63 120**	**53 660**
Loans and receivables		
Cash and cash equivalents, main pool	12 250	14 700
Cash and cash equivalents, other	27	3 004
Total cash and cash equivalents	**12 277**	**17 704**
Assessed contributions receivable	32 333	26 002
Other receivables (note 7)	500	683
Other assets (excludes deferred charges) (note 8)	543	1 428
Total loans and receivables	**45 653**	**45 817**
Total carrying amount of financial assets	**108 773**	**99 477**
of which relates to financial assets held in the main pool	75 369	68 360
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities (note 11)	3 665	9 949
Other liabilities (note 16)	594	776
Total carrying amount of financial liabilities	**4 259**	**10 725**

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Summary of net income from financial assets		
Share of main pool net interest and gains	507	500
Other investment gains/(losses)	(110)	(62)
Total	**397**	**438**

Note 7
Other accounts receivable: receivables from exchange transactions
(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Governments	–	125
Staff members	–	26
Vendors	3	37
United Nations entities	324	127
Others	172	368
Total	**500**	**683**

91. Material balances of other receivables were subject to specific review and it was determined that no allowance for doubtful debt will be established on the basis of recoverability and ageing of the existing receivables balances.

Note 8
Other assets
(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Other	543	1 428
Total	**543**	**1 428**
Current	543	1 412
Non-current	–	16
Total	**543**	**1 428**

92. Other assets refers to deferred expenditure, namely prepayments of $0.5 million. The items are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Note 9
Property, plant and equipment

93. During 2015, the Tribunal did not write down any property, plant or equipment. As at the reporting date, the Tribunal did not identify any additional impairments. The Tribunal had no significant heritage assets as at the reporting date.

Property, plant and equipment

(Thousands of United States dollars)

Current year

	Machinery and equipment	*Vehicles*	*Information technology and communications*	*Furniture and fixtures*	*Total*
Cost as at 1 January 2015	**286**	**1 041**	**7 066**	**188**	**8 581**
Additions	–	–	60	65	125
Disposals	–	(327)	–	–	(327)
Cost as at 31 December 2015	**286**	**714**	**7 126**	**253**	**8 379**
Accumulated depreciation as at 1 January 2015	**257**	**800**	**4 717**	**150**	**5 924**
Depreciation	2	77	599	9	687
Disposals	–	(327)	–	–	(327)
Accumulated depreciation as at 31 December 2015	259	550	5 316	159	6 284
Impairment losses as at 31 December 2015	–	–	**(14)**	–	**(14)**
Net carrying amount					
1 January 2015	29	241	2 349	38	2 656
31 December 2015	**27**	**164**	**1 810**	**94**	**2 095**

Prior year comparative

	Machinery and equipment	*Vehicles*	*Information technology and communications*	*Furniture and fixtures*	*Total*
Cost as at 1 January 2014	**350**	**966**	**8 146**	**183**	**9 645**
Additions	–	88	1 344	16	1 448
Disposals	(64)	(13)	(2 424)	(11)	(2 512)
Cost as at 31 December 2014	**286**	**1 041**	**7 066**	**188**	**8 581**
Accumulated depreciation as at 1 January 2014	**321**	**770**	**6 355**	**156**	**7 603**
Depreciation	–	43	709	5	757
Disposals	(64)	(13)	(2 347)	(11)	(2 435)
Accumulated depreciation as at 31 December 2014	**257**	**800**	**4 717**	**150**	**5 925**
Impairment losses as at 1 January 2014	–	–	**(14)**	–	**(14)**
Net carrying amount					
1 January 2014	29	196	1 777	26	2 028
31 December 2014	**29**	**241**	**2 349**	**38**	**2 656**

Note 10
Intangibles

(Thousands of United States dollars)

	Software licences	
	2015	*2014*
Cost as at 1 January	**122**	–
Additions	–	122
Cost as at 31 December	**122**	**122**
Accumulated amortization as at 1 January	**17**	–
Amortization	24	17
Accumulated amortization as at 31 December	**41**	**17**
Net carrying amount		
1 January	105	–
31 December	**81**	**105**

Note 11
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Vendors	1 080	468
Staff members	83	93
Accrued expenses	1 235	2 509
Governments	447	–
United Nations entities	192	–
Other	628	6 879
Total	**3 665**	**9 949**

Note 12
Employee benefits liabilities

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
After-service health insurance	31 327	36 684
Annual leave	3 919	6 586
Repatriation grants	6 615	8 229
Total defined benefits liabilities	**41 861**	**51 499**
Accrued salaries and allowances	3 595	2 756
Total	**45 456**	**54 255**

	31 December 2015	*31 December 2014*
Current	5 335	2 756
Non-current	40 121	51 499
Total	**45 456**	**54 255**

94. The liabilities arising from post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. The most recent actuarial valuation was conducted as at 31 December 2015.

Actuarial valuation: assumptions

95. The Tribunal reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations in the 31 December 2015 full valuation are set out in the table below.

Principal actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates, 31 December 2014	4.06	3.54	3.56
Discount rates, 31 December 2015	4.32	3.79	3.76
Inflation, 31 December 2014	4.50-7.30	2.50	–
Inflation, 31 December 2015	4.00-6.40	2.25	–

96. Discount rates are established using a weighted blend of three discount rate assumptions based on the currency denomination of the different cash flows: United States dollars (Citigroup Pension Discount Curve), euros (euro-area government yield curve) and Swiss francs (Federation bonds yield curve). Consistent with the evolutions observed since 31 December 2014 of interest rates of all maturities in the three areas, higher discount rates were applied in the 2015 valuation.

97. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption reflects the current short-term expectations of the insurance plan cost increases and the economic environment. Medical cost trends assumptions that were used for the valuation as at 31 December 2014, which included escalation rates for future years, were maintained since no significant evolution regarding medical cost trends has been observed. As at 31 December 2015, the escalation rates were a flat health-care yearly escalation rate of 4.0 per cent (2014: 5.0 per cent) for non-United States medical plans and health-care escalation rates of 6.4 per cent (2014: 6.8 per cent) for all other medical plans (except 5.9 per cent (2014: 6.1 per cent) for the United States Medicare plan and 4.9 per cent (2014: 5.0 per cent) for the United States dental plan), grading down to 4.5 per cent over nine years.

98. With regard to valuation of repatriation benefits as at 31 December 2015, inflation in travel costs was assumed at 2.25 per cent based on the projected United States inflation rate over the next 10 years.

99. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1 to 3 years, 9.1 days; 4 to 8 years, 1 day; and over 8 years, 0.1 days up to the maximum 60 days.

100. Assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Movement in employee benefits liabilities accounted for as defined benefits plans

(Thousands of United States dollars)

Current year

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
Net defined benefit liability as at 31 December 2014	**36 684**	**8 229**	**6 586**	**51 499**
Current service cost	529	531	403	1 463
Interest cost	1 478	277	225	1 980
Past service costs/curtailments/settlements	(545)	(813)	(527)	(1 885)
Total costs recognized in the statement of financial performance	**1 462**	**(5)**	**101**	**1 558**
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	(6 819)	(1 609)	(2 768)	(11 196)
Net recognized liability as at 31 December 2015	**31 327**	**6 615**	**3 919**	**41 861**

Prior year comparative

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
Net defined benefit liability as at 1 January 2014	**28 544**	**11 263**	**3 651**	**43 458**
IPSAS 25 adoption	–	–	3 830	3 830
Current service cost	352	555	519	1 426
Interest cost	1 402	459	312	2 173
Total costs recognized in the statement of financial performance	**1 754**	**1 014**	**4 661**	**7 429**
Transfers	(1 711)	(119)	(219)	(2 049)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	8 539	(2 590)	(641)	5 308
Actual benefits paid	(442)	(1 339)	(866)	(2 647)
Net recognized liability as at 31 December 2014	**36 684**	**8 229**	**6 586**	**51 499**

Discount rate sensitivity analysis

101. The changes in discount rates are driven by the discount curve, which is calculated based on corporate and government bonds. The bond markets vary during the reporting year and the volatility affects the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the obligations would be as shown in the table below.

Impact on obligations of changes in discount rate
(Thousands of United States dollars)

Discount rate sensitivity to end-of-year employee benefit liabilities	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
31 December 2015			
Increase of discount rate by 1 per cent	(4 754)	(659)	(349)
Decrease of discount rate by 1 per cent	5 866	743	409
31 December 2014			
Increase of discount rate by 1 per cent	(6 732)	(879)	(675)
Decrease of discount rate by 1 per cent	7 247	1 000	798

Medical costs sensitivity analysis

102. The principal assumption in the valuation of after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability owing to changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trends assumption vary by 1 per cent, it would affect the measurement of the defined benefit obligations as shown in the table below.

One per cent movement in the assumed medical cost trend rates
(Thousands of United States dollars)

	Increase	*Decrease*
31 December 2015		
Effect on defined benefit obligation	6 351	(4 867)
Effect on aggregate of the current service cost and interest cost	333	(241)
31 December 2014		
Effect on defined benefit obligation	7 402	(6 687)
Effect on aggregate of the current service cost and interest cost	438	(377)

Other defined benefit plan information

103. The General Assembly, in its resolution 67/257, endorsed the decision of the International Civil Service Commission to support the recommendation of the United Nations Joint Staff Pension Fund to raise the mandatory age of retirement to 65 years for new staff effective 1 January 2014. Actuaries determined that the increase in the normal age of retirement would not have a material effect on the valuation of post-employment liabilities.

Accrued salaries and allowances

104. Accrued salaries and allowances as at the year-end consist mainly of accruals for salary ($0.93 million) and home leave ($0.28 million), as well as repatriation grant ($2.3 million payable to former staff).

United Nations Joint Staff Pension Fund

105. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

106. The Tribunal's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization contributes to the deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

107. The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent (1.87 per cent in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration, compared with the actual contribution rate of 23.7 per cent. The subsequent actuarial valuation was conducted as at 31 December 2015; however the results were not available as at the reporting date.

108. As at 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.50 per cent (130.00 per cent in the 2011 valuation). The funded ratio was 91.20 per cent (86.20 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

109. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2013, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Pension Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of the preparation of the present report, the General Assembly had not invoked the provision of article 26 of the Regulations of the Fund.

110. In December 2012 and April 2013, the General Assembly authorized an increase to age 65 years in the normal retirement age and in the mandatory age of

separation respectively for new participants in the Pension Fund, with effect not later than from 1 January 2014. The related change to the Fund's Regulations was approved by the Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Pension Fund as at 31 December 2013. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments and these can be viewed by visiting the website of the Fund at www.unjspf.org.

111. During 2015, the Tribunal's contributions paid to the Pension Fund amounted to $8.802 million (2014: $15.986 million).

Note 13
Judges' honorariums and allowances liabilities

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Judges' pensions (defined benefit valuation)	29 882	29 236
Judges' relocation allowances	920	961
Ad litem judges' ex gratia payments	471	381
Total	**31 273**	**30 578**
Current	1 715	753
Non-current	29 558	29 825
Total	**31 273**	**30 578**

112. The key assumption for the valuation of judges' pension benefit liabilities is the discount rate of 3.71 per cent (2014: 3.57 per cent). The inflation assumption for relocation allowances was 2.25 per cent in 2014. In 2015, no inflation assumption was applied since materially all of the amounts will be settled within one year of the balance sheet date.

Movement in judges' benefits liabilities accounted for as defined benefits plans

(Thousands of United States dollars)

	2015	*2014*
Net defined benefit liability as at 1 January	**29 236**	**27 040**
Current service cost	1 029	1 073
Interest service cost	1 067	–
Past service costs/curtailments/settlements	(753)	2 359
Total costs recognized in the statement of financial performance	**1 343**	**3 434**
Actuarial gain recognized directly in the statement of changes in net assets	(697)	(1 236)
Net recognized liability as at 31 December	**29 882**	**29 236**

Note 14
Provisions

Movement in provisions

(Thousands of United States dollars)

	Litigation and claims	
	2015	*2014*
Opening balance as at 1 January	**22**	**22**
Additional provisions made	837	–
Unused provisions reversed	(22)	–
Provisions utilized		–
Closing balance as at 31 December	**837**	**22**

113. The Tribunal has three cases pending before the United Nations Appeals Tribunal. These cases relate to the appeal of the judgment of the United Nations Dispute Tribute to award damages of €3,000 to 255 staff for process violations in the consideration of the conversion of their appointments from fixed term to permanent contracts.

Note 15
Advance receipts

114. Advance receipts represent contributions or payments received in advance; these amounted to $0.016 million in 2015 (2014: $0.371 million).

Note 16
Other liabilities

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Finance lease (note 23)	602	776
Other	(8)	–
Total	**594**	**776**
Current	164	174
Non-current	430	602
Total	**594**	**776**

Note 17
Net assets

115. Net assets comprise the accumulated surpluses/deficits that represent the residual interest in the assets of the Tribunal after deducting all its liabilities.

Note 18
Revenue

Assessed contributions

116. Assessed contributions of $90.4 million (2014: $100.7 million) have been recorded for the Tribunal in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policies of the United Nations. At the end of the biennium, the assessed contributions were reduced by $9.947m to reflect the reduction in the final appropriation in accordance with General Assembly resolution 70/242.

Other exchange revenue

117. Other exchange revenue comprises rental income and other revenue including revenue producing activities, revenue for services rendered and other miscellaneous revenue.

Other exchange revenue
(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Rental of premises	95	46
Other	89	19
Total	**184**	**65**

Note 19
Expenses

Employee salaries, allowances and benefits

118. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment; allowances and benefits include other staff entitlements, including pension and insurance and staff assignment, repatriation, hardship and other allowances, as set out in the table below.

(Thousands of United States dollars)

	2015	*2014*
Salaries and allowances	58 098	85 402
Current portion of movement in employment benefits liabilities	1 558	–
Total	**59 656**	**85 402**

Judges' honorariums and allowances

119. Judges' honorariums and allowances include pensions, ad litem judges' ex gratia payments, and relocation and other allowances, as shown in the table below.

(Thousands of United States dollars)

	2015	*2014*
Honorariums[a]	5 353	4 524
Pensions, former judges	787	784
Total	**6 140**	**5 308**

[a] Including movement in judges' benefits accounted for as defined benefits plans (see note 13) of $1,343,000 (2014: $3,434,000).

Contractual services

120. Contractual services expenses include non-employee compensation and allowances consisting of defence counsel and consultant fees, as shown in the table below.

Contractual services

(Thousands of United States dollars)

	2015	*2014*
Defence counsel	1 491	3 989
Detention services	1 688	3 658
Translation and verbatim reporting	756	1 255
Other	730	886
Total	**4 665**	**9 788**

Travel

121. Travel expenses include all staff and non-staff travel that is not considered to be an employee allowance or benefit, as shown in the table below.

(Thousands of United States dollars)

	2015	*2014*
Staff travel	614	474
Non-staff travel	217	433
Total	**831**	**907**

Other operating expenses

122. Other operating expenses include maintenance, utilities, shared services, rental, insurance, allowance for bad debt and write-off expenses as shown in the table below.

(Thousands of United States dollars)

	2015	2014
Utilities	476	722
Rent, premises and equipment	4 282	5 724
Maintenance, premises	1 009	1 412
Supplies	187	208
Communications	227	499
Other[a]	1 256	724
Total	**7 437**	**9 289**

[a] Includes accrual for provisions of $0.8 million (see note 14).

Other expenses

123. Other expenses relate to hospitality and official functions, foreign exchange losses, losses on sale of property, plant and equipment and donation/transfer of assets, as shown in the table below.

(Thousands of United States dollars)

	2015	2014
Foreign exchange losses	615	208
Hospitality	4	2
Total	**619**	**210**

Note 20
Financial instruments and financial risk management

Main pool

124. In addition to directly held cash and cash equivalents and investments, the Tribunal participates in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale and by the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and revenue is based on each participating entity's principal balance. As at 31 December 2015, the main pool held total assets of $7,783.9 million (2014: $9,462.8 million), of which $75.4 million was due to the Organization (2014: $68.4 million), and the Tribunal's share of revenue from the main pool was $0.3 million (2014: $0.5 million).

Summary of assets and liabilities in the main pool

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Fair value through the surplus or deficit		
Short-term investments	3 888 712	3 930 497
Long-term investments	2 617 626	3 482 641
Total	**6 506 338**	**7 413 138**
Loans and receivables		
Cash and cash equivalents, main pool	1 265 068	2 034 824
Accrued investment income	12 462	14 842
Total loans and receivables	**1 277 530**	**2 049 666**
Total carrying amount of financial assets	**7 783 868**	**9 462 804**
Main pool liabilities		
Payable to the Tribunal	75 368	68 360
Payable to other main pool participants	7 708 500	9 394 444
Total carrying amount of financial liabilities	**7 783 868**	**9 462 804**
Main pool net assets	–	–
Summary of net income from main pool		
Investment revenue	51 944	62 511
Foreign exchange gains/(losses)	(11 720)	(7 064)
Unrealized gains/(losses)	(10 824)	(3 084)
Bank fees	(525)	(214)
Net income from main pool	**28 875**	**52 149**

Financial risk management: overview

125. The Tribunal has exposure to the following financial risks: credit risk, liquidity risk and market risk. The present note provides information on the Tribunal's exposure to those risks; the objectives, policies and processes for measuring and managing risk; and the management of capital.

Financial risk management: framework

126. The Tribunal's risk management practices are in accordance with the Financial Regulations and Rules of the United Nations and the Investment Management Guidelines. The Tribunal defines the capital that it manages as the aggregate of its net assets, which is composed of accumulated fund balances. Its objectives are to safeguard its ability to continue as a going concern, to fund its operations and to fulfil its mandated objectives. The Tribunal manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

127. The United Nations Treasury is responsible for investment and risk management for the main pool, including conducting investment activities in accordance with the Investment Management Guidelines.

128. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market rate of return component of the objectives.

129. An investment committee periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

Credit risk

130. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions and credit exposures to outstanding receivables. The carrying value of financial assets less impairment is the maximum exposure to credit risk

Credit risk management

131. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main pool does not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

Credit risk: receivables

132. A large portion of receivables is due from entities that do not have significant credit risk. As at the reporting date, the Tribunal does not hold any collateral as security for receivables.

133. The Tribunal evaluates the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the Tribunal will not collect the full amount due. Balances credited to the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received.

Credit risk: assessed contributions

134. The ageing of assessed contributions receivable and the associated allowance is set out in the table below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	31 December 2015		*31 December 2014*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	14 048	–	12 510	–
One to two years	5 228	–	7 017	–
Over two years	13 199	142	6 524	49
Total	**32 475**	**142**	**26 051**	**49**

135. Countries subject to Article 19 are considered to be those for which the General Assembly has decided that failure to pay the minimum amount under Article 19 was due to conditions beyond their control and which are permitted to vote despite their accumulated arrears (see resolutions 69/4 and 70/2). In accordance with past practice, it is considered that there are no Member States with valid multi-year payment plans.

Credit risk: cash and cash equivalents

136. The Tribunal held cash and cash equivalents of $12.4 million at 31 December 2015 (2014: $17.7 million), which is the maximum credit exposure on these assets.

Credit risk: main pool

137. The Investment Management Guidelines require that investments are not to be made in issuers whose credit ratings are below specifications and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor's, Moody's and Fitch are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year end, the credit ratings were as shown below.

Credit ratings for the main pool

	31 December 2015	*31 December 2014*
Bonds	S&P: 37.7% AAA, 54.2% AA+/AA/AA- and 8.1% not rated; Moody's: 65.8% Aaa and 34.2% Aa1/Aa2/Aa3; Fitch: 61.9% AAA, 26.5% AA+/AA/AA- and 11.6% not rated	S&P: 31.2% AAA, 59.8% AA+/AA/AA-, 1.3% A+ and 7.7% not rated ; Moody's: 69.3% Aaa and 30.7% Aa1/Aa2/Aa3; Fitch: 52.2% AAA, 21.4% AA+/AA/AA- and 26.4% not rated
Discounted instruments	S&P: 100% A-1+; Moody's 100% P-1; Fitch 100% F1+	S&P: 100% A-1+; Moody's: 70.0% P-1 and 30.0% not rated; Fitch: 90.0% F1+ and 10.0% not rated
Reverse repurchase agreement	S&P: 100% A-1+; Moody's: 100% P-1; Fitch: 100% F1+	
Term deposits	Fitch: 53.6% aa/aa- and 46.4% a+/a	Fitch: 64.1% aa/aa- and 35.9% a+/a

138. The United Nations Treasury actively monitors credit ratings and, given that the Organization has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Liquidity risk

139. Liquidity risk is the risk that the Tribunal might not have adequate funds to meet its obligations as they fall due. The Tribunal's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Tribunal's reputation.

140. The Financial Regulations and Rules of the United Nations require that expenses be incurred after receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are only permitted if specified risk management criteria are adhered to with regard to the amounts receivable.

141. The Tribunal and the United Nations Treasury perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure that they have sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The Tribunal maintains a large portion of its investments in cash equivalents and short-term investments sufficient to cover its commitments as and when they fall due.

Liquidity risk: main pool

142. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The main pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

143. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. That is highly unlikely due to receivables, cash and investments being available to the entity and internal policies and procedures that are in place to ensure that appropriate resources exist to meet its financial obligations. As at the reporting date, the Tribunal has not pledged any collateral for any liabilities or contingent liabilities and in the year no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which the Tribunal can be required to settle each financial liability are set out in the table below.

Maturities for financial liabilities

(Undiscounted thousands of United States dollars)

31 December 2015

	Within 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable	3 665	–	–	3 665
Other liabilities	–	164	430	594
Total	**3 665**	**164**	**430**	**4 259**

31 December 2014

	Within 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable	9 949	–	–	9 949
Other liabilities	416	129	602	731
Total	**10 365**	**129**	**602**	**10 680**

Market risk

144. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the Tribunal's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the Tribunal's fiscal position.

Market risk: currency risk

145. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Tribunal has transactions, assets and liabilities in currencies other than in its functional currency and is exposed to limited currency risk arising from fluctuations in exchange rates. Management policies and the Investment Management Guidelines require the Tribunal to manage its currency risk exposure. Given the Tribunal's share of the main pool and that the main pool is predominantly denominated in United States dollars, the Tribunal has limited currency risk relating to main pool assets. Therefore, in conjunction with the low risk for other financial instruments, the Tribunal considers currency risk to be low.

Market risk: interest rate risk

146. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to a change in interest rates. In general, as interest rates rise, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk.

147. The main pool comprises the Organization's main exposure to interest rate risk with fixed-rate cash and cash equivalents and investments being interest-bearing

financial instruments. As at the reporting date, the main pool had invested primarily in securities with shorter terms to maturity, with the maximum being less than five years (2014: five years). The average duration of the main pool was 0.86 years (2014: 1.10 years), which is considered to be an indicator of low risk.

Market risk: main pool interest rate risk sensitivity analysis

148. The analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis as at 31 December 2015

Shift in yield curve Basis points	(200)	(150)	(100)	(50)	0	50	100	150	200
Increase/(decrease) in fair value (Millions of United States dollars)									
Tribunal share of main pool sensitivity (estimated based on share of main pool)									
31 December 2015	1.26	0.95	0.63	0.31	–	(0.31)	(0.63)	(0.95)	(1.26)
31 December 2014	1.48	1.11	0.74	0.37	–	(0.37)	(0.74)	(1.11)	(1.48)

Market risk: other

149. The main pool is not exposed to significant other price risk because it does not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

150. All investments are reported at fair value through surplus and deficit. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value.

Fair value hierarchy

151. The levels of the fair value hierarchy are defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);

(c) Level 3: inputs for the asset or liabilities that are not based on observable market data (that is, unobservable inputs).

152. The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date and is determined by the independent custodian based on the valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held in the main pool is the current bid price.

153. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

154. The fair value hierarchy in the table below presents the main pool assets that are measured at fair value as at the reporting date. There were no level 3 financial assets or liabilities carried at fair value; nor were there any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December: main pool

(Thousands of United States dollars)

	31 December 2015			*31 December 2014*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds, corporates	149 682	–	149 682	–	–	–
Bonds, non-United States agencies	2 190 965	–	2 190 965	2 154 956	–	2 154 956
Bonds, non-United States sovereigns	124 612	–	124 612	691 489	–	691 489
Bonds, supranational	139 828	–	139 828	440 169	–	440 169
Bonds, United States treasuries	1 092 139	–	1 092 139	1 297 290	–	1 297 290
Main pool, commercial papers	949 112	–	949 112	999 234	–	999 234
Main pool, term deposits	–	1 860 000	1 860 000	–	1 830 000	1 830 000
Main pool total	**4 646 338**	**1 860 000**	**6 506 338**	**5 583 138**	**1 830 000**	**7 413 138**

Note 22
Related parties

Key management personnel

155. Key management personnel are those with the ability to exercise significant influence over financial and operating decisions. For the Tribunal, key management personnel comprise the President and Prosecutor at the level of Under-Secretary-General, the Registrar at the level of Assistant Secretary-General (who together constitute the Coordination Council of the Tribunal) and the Tribunal Registry's Chiefs of Administration. These individuals have the relevant authority and responsibility for planning, directing and controlling the Tribunal's activities.

156. The aggregate remuneration paid by the Tribunal includes net salaries, post adjustment and entitlements such as allowances, grants and subsidies and employer pension and health insurance contributions, as set out in the table below.

Compensation of key management personnel

(Thousands of United States dollars)

2015

	Coordination Council	*Other leadership*	*Total*
Number of positions, full-time equivalents	**3**	**1**	**4**
Aggregate remuneration	725	198	923
Other compensation/entitlements	14	12	26
Total remuneration for the year	**739**	**210**	**949**
Outstanding loans and advances as at year end	–	–	–

2014

	Coordination Council	*Other leadership*	*Total*
Number of positions, full-time equivalents	**3**	**1**	**4**
Aggregate remuneration	820	220	1 040
Other compensation/entitlements	14	21	35
Total remuneration for the year	**834**	**241**	**1 075**
Outstanding loans and advances as at year end	–	–	–

157. As at 31 December 2015, after-service health insurance, repatriation and leave benefits for key management personnel included in employee benefits liabilities were $0.7 million (2014: $0.8 million) as determined by actuarial valuation.

158. No close family members of key management personnel were employed by the Tribunal at the management level. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations and Rules; any such advances against entitlements are widely available to all staff of the Tribunal.

Related entity transactions

159. In the ordinary course of business, to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and then subsequently settled.

Trust fund activities

160. The following fund, which supports the activities of the Tribunal, is structured as a trust fund and accordingly appears in volume I, financial report and audited financial statements and report of the Board of Auditors, United Nations (A/70/5 (Vol. I)). The reserves and fund balances of the related trust fund as at year end were:

(Thousands of United States dollars)

	Reserves and fund balance	
	31 December 2015	*31 December 2014*
Voluntary fund to support the activities of the international tribunal established by Security Council resolution 827 (1993)	1 035	1 044

Balances reflected in the Tax Equalization Fund

161. The financial statements report employee benefits expenses on a net of tax basis. The tax liabilities relating to operations are reported separately as part of the Tax Equalization Fund in the financial statements of volume I, United Nations, which also has a financial reporting date of 31 December.

162. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members whatever their national tax obligations. The Tax Equalization Fund operationally reports as income the staff assessment in respect of staff members financed under the regular budget, the Tribunal and assessed peacekeeping operations. The Tax Equalization Fund includes as expenditure the credits against the assessments for the regular budget, peacekeeping and the Tribunal, in respect of Member States that do not levy taxes on the United Nations income of their nationals.

163. Member States that do levy income taxes on their nationals working for the Tribunal do not receive the credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

164. As 31 December 2015, as reflected in the latest unaudited financial statements for volume I, United Nations, the cumulative surplus of the Tax Equalization Fund payable to the United States of America was $30.4 million (2014: $36.8 million) and to other Member States was $37.2 million. In addition, the Tax Equalization Fund had an estimated tax liability of $28.2 million (2014: $23.3 million) relating to the 2015 and prior tax years.

Note 23
Leases and commitments

Finance leases

165. In 2014 the Tribunal entered into a finance lease for the value of $1.2 million for the use of equipment. Total finance lease payments recognized in expenditure for the year were $0.2 million (2014: $0.1 million). The net year-end carrying value included in property, plant and equipment is $0.8 million (2014: $0.8 million). Future minimum finance lease payments under non-cancellable arrangements are set out in the table below.

Obligations for finance leases: minimum lease payments

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Due in less than 1 year	172	174
Due 1 to 5 years	430	602
Total minimum finance lease obligations	**602**	**776**
Future finance charges	–	–
Future minimum finance lease obligations (undiscounted)	**602**	**776**

Operating leases

166. The Tribunal enters into operating leases for the use of premises and equipment. The total operating lease payments recognized in expenditure for 2015 were $4.3 million (2014: $4.6 million) for premises and $1 million (2014: $1.1 million) for equipment. Future minimum lease payments under non-cancellable arrangements are set out in the table below.

Obligations for operating leases: minimum lease payments

(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Due in less than 1 year	5 167	5 291
Due 1 to 5 years	3 633	5 934
Due later than 5 years	–	–
Total minimum operating lease obligations	**8 800**	**11 224**

167. These contractual leases are typically between one to seven years, with some leases allowing extension clauses and/or permitting early termination within 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contain purchase options.

Open contractual commitments

168. The commitments for property, plant and equipment (including contractual commitments for assets under construction) and goods and services contracted but not delivered as at the reporting date are set out in the table below.

Open contractual commitments
(Thousands of United States dollars)

	31 December 2015	*31 December 2014*
Goods and services	291	694
Property, plant and equipment	91	–
Total open contractual commitments	**382**	**694**

Note 24
Contingent liabilities and contingent assets

169. In the normal course of operations, the Tribunal is subject to claims which can be categorized as corporate and commercial, administrative law, and other, such as guarantees. As at the reporting date, there were no contingent assets or liabilities.

Note 25
Future operations

170. The Security Council decided, in its resolution 1966 (2010), to establish the International Residual Mechanism for Criminal Tribunals, with two branches, to carry out a number of essential functions, such as the trial of fugitives, after the closure of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia. The Arusha branch commenced operations on 1 July 2012 and The Hague branch on 1 July 2013 for an initial period of four years. During the initial period of the Residual Mechanism's work, there has been a temporary overlap with the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia as those institutions complete the remaining work on any trial or appeal proceedings that are pending as at the commencement dates of the respective branches of the Residual Mechanism. The Residual Mechanism coexisted with both Tribunals during 2015 and shared resources and provided mutual support and coordination.

171. The President of the International Criminal Tribunal for Rwanda submitted a letter to the Security Council on 17 November 2015 (S/2015/884) transmitting the final report by the President and the Prosecutor on the completion of the mandate of the International Criminal Tribunal for Rwanda. On 16 November 2015, the President of the International Tribunal for the Former Yugoslavia submitted a letter (S/2015/874) transmitting the assessments of the President and the Prosecutor on the implementation of that Tribunal's completion strategy, the support for the Residual Mechanism and the completion of the trials and appeals procedures.

172. On 18 December 2014, the Security Council requested in its resolutions 2193 (2014) and 2194 (2014) that the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, respectively, take all possible measures to expeditiously complete all their remaining work, to prepare their closure and to ensure a smooth transition to the Residual Mechanism.

173. The International Tribunal for the Former Yugoslavia continues to make every effort to meet the targets of its completion strategy and the forecast judgment

delivery dates. Unfortunately, some limited delays will affect two ongoing trials, although the Tribunal's judicial work will still be completed by the end of 2017.

174. The Tribunal is continuing to downsize as rapidly as it can, while ensuring that full support is provided to the remaining trials and appeals. The Tribunal has also continued its diligent efforts to complete the smooth transition of functions to the Residual Mechanism in compliance with Security Council resolution 1966 (2010).

Note 26
Events after the reporting date

175. There have been no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.